

Unit 10: Marketing in the Aviation Industry

Unit code:	J/504/2284
QCF Level 3:	BTEC Nationals
Credit value:	9
Guided learning hours:	54

● Aim and purpose

The aim of this unit is to give learners an understanding of the principles of marketing and the skills needed to conduct market research and to develop a marketing plan for an aviation organisation.

● Unit introduction

The unit starts by asking learners to define marketing and research the principles of marketing as they apply to aviation organisations. This sets the scene for learners to be able to understand the importance of marketing, its strategic importance to airlines and airports and how it is used by these organisations, and any constraints that may affect its application.

Learners will then investigate the use of market research by airports and airlines to understand their actual and potential customers (which could be passengers or other organisations), competitors (which may be other transport operators) and the market environment in which they operate. There is an emphasis on both understanding the customer and ensuring that products and services meet with customer and passenger needs and expectations. Learners are introduced to analytical techniques used to identify opportunities and potential strategies for aviation organisations. Learners will apply their knowledge to create a plan for a marketing objective of their choice.

● Learning outcomes

On completion of this unit a learner should:

- 1 Understand the principles of marketing within the aviation industry
- 2 Be able to use market research methods for aviation organisations
- 3 Be able to develop a marketing plan for aviation organisations.

Unit content

1 Understand the principles of marketing within the aviation industry

Marketing:

- definitions
- relationship to aviation industry (airport to airline, airline to consumer, airport to consumer, airline to ground handling agent (GHA), airline to other type of agent including travel agent, business travel agent, cargo agent, tour operator, corporate account direct)

The function of marketing:

- find out about customer needs
- produce products and services that meet those needs
- know the market – including competitors
- find and communicate with customers
- manage any threats that affect the marketing process

Market segmentation:

- business travel
- leisure travel
- other, e.g. religion, student
- cargo

Constraints of marketing:

- financial, e.g. company budget, current business environment
- legal, e.g. contract and consumer legislation, data protection
- moral, e.g. advertising standards, codes of practice
- social, e.g. environmental, ethical

2 Be able to use market research methods for aviation organisations

Plan an aviation research objective:

- types of research methods (primary, secondary, quantitative, qualitative)
- advantages and disadvantages of each research method
- setting aims and SMART objectives
- factors impacting on research time available (cost, resources, constraints, availability of information)

Market research:

- undertake research activity in the aviation industry, e.g. questionnaire, Civil Aviation Authority (CAA) statistics, tourist board information

Research findings:

- create statistical information to support findings, e.g. graphs, bar charts
- show findings in comparison with existing data, e.g. passenger throughput figures, visitor figures

3 Be able to develop a marketing plan for aviation organisations

Analytical techniques:

- external analysis, e.g. political, economic, sociological, technological (PEST), political, economic, sociological, technological, legal, environmental (PESTLE), macro-environment
- industry analysis, e.g. Porter's 5 forces, competitor analysis
- internal analysis, e.g. micro-environment, Boston Matrix
- strengths, weaknesses, opportunities, threats (SWOT analysis)

Marketing objectives:

- marketing objectives, e.g. launch of a new route or destination, increasing brand awareness, devise a new market segment, increase airport facility offering
- collate findings from the research activity
- make recommendations

Marketing mix:

- product, e.g. new route, new facility
- price, e.g. cost of sale, sales price
- promotion, e.g. marketing communications
- place, e.g. internet sales, travel agent, call centre
- people, e.g. company personnel, customers
- process, e.g. service delivery activities, operating systems
- physical evidence, e.g. brochures, websites, timetables

Assessment and grading criteria

In order to pass this unit, the evidence that the learner presents for assessment needs to demonstrate that they can meet all the learning outcomes for the unit. The assessment criteria for a pass grade describe the level of achievement required to pass this unit.

Assessment and grading criteria		
To achieve a pass grade the evidence must show that the learner is able to:	To achieve a merit grade the evidence must show that, in addition to the pass criteria, the learner is able to:	To achieve a distinction grade the evidence must show that, in addition to the pass and merit criteria, the learner is able to:
P1 Explain the principles of marketing	M1 Explain which type of airline is likely to market to the different market segments listed	D1 Evaluate statistical information found during research
P2 Discuss how marketing principles apply to aviation organisations		
P3 Plan an aviation research objective	M2 Explain how different market research methods are used by aviation organisations to meet specific objectives	
P4 Carry out an appropriate market research activity to meet the objective [SM]		
P5 Evaluate research findings		
P6 Carry out appropriate analytical techniques [IE]		
P7 Use findings to set marketing objectives for an aviation organisation		
P8 Identify appropriate marketing tactics to complete a marketing plan [CT]	M3 Demonstrate original concepts in your marketing plan to meet the marketing objectives	

PLTS: This summary references where applicable, in the square brackets, the elements of the personal, learning and thinking skills applicable in the pass criteria. It identifies opportunities for learners to demonstrate effective application of the referenced elements of the skills.

Key	IE – independent enquirers	RL – reflective learners	SM – self-managers
	CT – creative thinkers	TW – team workers	EP – effective participators

Essential guidance for tutors

Delivery

Marketing is a key part of any organisation's plan to find, retain and improve their customer database. Whilst aviation is already one of the most dynamic industries, the competition is fierce and standing still is not an option.

Learning outcome 1 looks at some of the different relationships within aviation, all of which require marketing to take place to gain new or retain existing business. The basis of marketing is to satisfy customer needs which helps customer retention which can reduce the amount of marketing spend needed to find additional customers to improve profitability. Airports play host to many market segments and whilst airlines have in the past been associated with certain market segments, nowadays all airlines will try to capture as many segments of the market as they can. Identifying why certain types of airline mainly market to a particular segment will help learners to achieve the higher grade available in this first learning outcome. There are constraints that may affect the marketing process, some all of the time and some at certain times, for example following a terrorist attack such as 9/11 or during a recession. These need to be understood for the four types of constraint listed.

For learning outcome 2, visiting an airport marketing department or having guest speakers will give learners a 'feel' for the different types of marketing undertaken and the necessary research undertaken to support the marketing plans used directly with the public or as support marketing to airlines. Learners need to understand the different types of research method available and then use at least one of these methods to undertake a research activity. Learners could, with permission of the airport, undertake a research project in an airport or by using 'desk research' and then present their findings using statistical information. To achieve the merit grade, learners need to explain how the different research methods are used by aviation organisations to meet specific objectives. Taking existing statistical information and evaluating this information against a set objective, for example looking at the possibility of increased frequency, will enable learners to achieve D1.

Learning outcome 3 considers the different analytical techniques and these techniques can be undertaken either before or after the market research in learning outcome 2 depending on the project to be undertaken. Promotion is often a visual medium for airlines and learners should be encouraged to include examples of promotional materials, websites and mainstream media advertisements to support their work. For example, if creating a new destination for an airline, learners should be encouraged to create an advertisement or poster to support the airline, airport and destination. Looking at past examples of advertisements will demonstrate how marketing has changed and evolved over the past 40 years or so. The last part of this outcome is the marketing mix (7 Ps) which actually forms the marketing plan for the chosen objective, by using original and imaginative concepts in their work learners can achieve the merit criterion.

To enable learners to achieve a distinction, tutors could give learners a basic marketing plan to consideration and discuss recommendations for improvement.

Outline learning plan

The outline learning plan has been included in this unit as guidance and can be used in conjunction with the programme of suggested assignments.

The outline learning plan demonstrates one way of planning the delivery and assessment of this unit.

Topic and suggested assignments/activities and/assessment
Introduction to the unit, including gathering learner knowledge of what is included within the term 'marketing'. Give examples of definitions of marketing and then a small-group activity for learners to create an alternative definition.
Introduction to the functions of marketing and classroom discussion to formulate how an aviation organisation might use those functions.
Classroom investigation to identify the different segments of the aviation industry and discuss which type of airline or airport is likely to attract which market segment. Small-group research into different airlines and airports to show size or scope of their market segments. A talk from a local airport or airline marketing team member would help learners to understand the targeted segments in their area and why.
Explanations of constraints to marketing and then group research into one of the four constraints – financial, legal, moral, social. Feedback to peers for discussion.
Explore the relationships of marketing principles as they would occur between the 5 groups listed – small-group discussions then thoughts brought back to peers for tutor-led classroom discussion.
Preparation for assignment
Assignment 1: Principles of Marketing within the Aviation Industry (P1, P2, M1)
Feedback on assignment
Introduce the four main types of research methods. Small-group research into each one of these methods to suggest what type of information may be available or used by the method chosen. Feedback to peers and a group discussion to arrive at considered types of information for all four methods. Classroom discussion to ascertain what are the advantages and disadvantages of each method.
Introduce aims and SMART objectives to learners by using non-aviation examples and then classroom discussion to arrive at suitable aviation examples.
Explanation of factors impacting on research time available. Classroom research to supply aviation examples of each of the four factors listed.
Introduce market research to learners, questionnaires can be found on London City Airport website, statistical information is available on the CAA website and also, in some areas, tourist board information is freely available for incoming tourism. Other factors may include executive judgement, e.g. knowledge of a large ethnic population or strong business centres within an airport's catchment area.
Classroom investigation into market research to create statistical information and report findings in comparison with existing data. An example of this would be to take the percentage of traffic using a major airport from any given region, e.g. London airports from the East and West Midlands, and then use this percentage to calculate how many passengers may have flown to a given destination, for example New York, from these regions. This would then show the likely size of a potential new or extended market from the Midlands. Comparisons could be made to the previous years using the same CAA information.
Preparation for assignment
Assignment 2: Market Research Methods for Aviation Organisations (P3, P4, P5, M2, D1)
Feedback on assignment

Topic and suggested assignments/activities and/assessment

Introduce analytical techniques to learners. Classroom investigation into four main techniques – external, internal, industry and SWOT. Small-group discussion into how each of these may best transfer into a type of marketing objective. Classroom discussion on how these objectives tie in with the research activities undertaken (or offered). From these findings a classroom discussion could make recommendations for choosing a marketing objective.

Introduce the marketing mix followed by classroom discussion about what the 7 Ps should include for the chosen research objective(s). The marketing mix forms the basis of a marketing plan!

Preparation for assignment

Assignment 3: Develop a Marketing Plan for Aviation Organisations (P6, P7, P8, M3, D2)

Feedback on assignment

Assessment

A number of assessment methods could be used in this unit, including an assignment, a written report and a presentation.

P1 – P2 – M1

To achieve P1, learners need to either quote an existing definition of marketing or be encouraged to create their own definition. To explain the principles of marketing learners should explain the function of marketing and give actual aviation examples. Market segmentation and constraints of marketing should also be included within the explanation for P1 with learners providing one example from each of the constraints listed.

To achieve M1, learners should be able to link the different market segments to airline types – this could be by passenger type, for example business traveller, or destination type, for example long haul, short haul.

To achieve P2, learners need to discuss how the marketing principles apply to aviation organisations. Examples should include: airport to airline, airline to consumer, airport to consumer, airline to ground handling agent (GHA) and at least two types of other agents, i.e. travel agent, business travel agent, cargo agent, tour operator, corporate account direct. For example, learners could cover passenger rebate incentives, frequent flyer schemes, commissions and penalty clauses (airline to GHA).

P3 – P4 – P5 – M2 – D1

To achieve P3, learners need to plan a research objective appropriate for market research. Their selection should demonstrate an understanding of the different types of research available and factors which may impact on the research time available.

For M2, learners should provide detailed explanations of how each type of research may be used for a different research objective. For example, CAA statistics (secondary and quantitative) may be used to justify the increase in frequency of an existing flight or destination.

For D1, learners need to evaluate statistical information found during their research, this could be using information from the CAA of previous years Origin and Destination Statistics (freely available on www.caa.co.uk), to decide if a new route or increased frequency from a particular airport or to a given destination is feasible. Generally speaking, learners would need to interrogate five year's worth of previous figures to be able to make this judgement by looking at the passenger number trends.

To achieve P4, learners will engage with some form of research. For example, this can be classroom based using CAA statistical information. Alternatively, research could be carried out for an aviation organisation based at an airport or for the airport itself, for example the marketing department.

To achieve P5, learners need to report their research findings using statistical information gained in the form of a graph or bar chart etc. To make this effective the figures gained need to be compared against existing information, for example as a percentage of current passenger throughput.

To achieve P6, learners should be able to summarise, using aviation examples, one external analytical technique, one industry analysis, one internal analysis and finally carry out a SWOT analysis on their chosen research area.

To achieve P7, learners need to select marketing objectives from the list of examples shown in the unit content, or an appropriate alternative. They should collate their findings from the research activity and then formulate recommendations for the chosen objective/s.

P8 – M3 – D2

To achieve P8, learners should use the marketing mix which, in effect, is the marketing plan for their chosen objective/s. Learners should be encouraged to create some point of sale material from the list shown under 'physical evidence'. P8 could be evidenced as a report or a presentation.

To achieve M3, learners should show original concepts in their marketing plan.

To achieve D2, learners must evaluate a marketing plan and make justified recommendations for improvement. Learners can evaluate their own plan or the tutor could supply a plan for learners to evaluate.

Programme of suggested assignments

The table below shows a programme of suggested assignments that cover the pass, merit and distinction criteria in the assessment and grading grid. This is for guidance and it is recommended that centres either write their own assignments or adapt any Edexcel assignments to meet local needs and resources.

Criteria covered	Assignment title	Scenario	Assessment method
P1, P2, M1	Assignment 1: Principles of Marketing within the Aviation Industry	Working for an airport marketing team you need to report on marketing opportunities and issues.	An information pack A presentation
P3, P4, P5, M2, D1	Assignment 2: Market Research Methods for Aviation Organisations	Working for an airport marketing team you need to report on marketing opportunities and issues.	A report A presentation
P6, P7, P8, M3, D2	Assignment 3: Develop a Marketing Plan for Aviation Organisations	Working for an airport marketing team you need to report on marketing opportunities and issues.	A report A poster or leaflet

Links to other BTEC units

This unit forms part of the BTEC aviation sector suite. This unit has particular links with the following unit titles in the aviation suite.

Key

* indicates unit from the *Edexcel BTEC Level 2 Diploma in Travel and Tourism (QCF)* qualification

Level 2	Level 3	Level 4
Unit 10: Exploring Marketing in Travel and Tourism*	Unit 1: The UK Aviation Industry Unit 11: E-business for Airlines Unit 14: Airport and Airline Commercial Operations Unit 16: Airline and Airport Economics	Unit 18: Researching Current Issues in Aviation

Essential resources

Learners must have access to published resources and the internet.

Employer engagement and vocational contexts

The use of guest speakers and relevant industry materials will be invaluable in enhancing delivery of this unit.

Indicative reading for learners

Textbooks

Dibb S, Simkin L, Pride W M and Farrell O C – *Marketing: Concepts and Strategies* (Houghton Mifflin, 2005) ISBN 978-0618532032

McDonald M and Wilson H – *Marketing Plans: How to Prepare Them, How to Use Them* (John Wiley & Sons, 2011) ISBN 978-0470669976

Proctor T – *Essentials of Marketing Research* (Financial Times/Prentice Hall, 2005) ISBN 978-0273694946

Shaw S – *Airline Marketing and Management* (Ashgate Publishing Limited, 2004) ISBN 978-0754637592

Journals

Airline Business – Reed Business Publishing

Air Transport World – Penton Media

Flight International – Reed Business Publishing

Marketing – Haymarket Business Subscriptions

Marketing Week – Centaur Communications Ltd

Websites

www.cim.co.uk

Chartered Institute of Marketing

www.marketingonline.co.uk

Marketing Online

www.marketingteacher.com

Marketing Teacher

Delivery of personal, learning and thinking skills

The table below identifies the opportunities for personal, learning and thinking skills (PLTS) that have been included within the pass assessment criteria of this unit.

Skill	When learners are ...
Independent enquirers	carrying out analytical techniques on external environment and the aviation industry
Creative thinkers	planning a research objective and designing documentation in order to meet the objective and exploring opportunities and generating ideas for a marketing plan
Self-managers	planning, designing research documentation and conducting a market research activity within the aviation industry.

Although PLTS are identified within this unit as an inherent part of the assessment criteria, there are further opportunities to develop a range of PLTS through various approaches to teaching and learning.

Skill	When learners are ...
Independent enquirers	exploring the principles and function of marketing
Reflective learners	evaluating research findings and the effectiveness of the method used
Team workers	working in groups to practice analytical techniques and discuss findings
Self-managers	managing the workload of the unit
Effective participators	identifying appropriate marketing tactics to complete a marketing plan.

● Functional Skills — Level 2

Skill	When learners are ...
ICT — Use ICT systems	
Select, interact with and use ICT systems independently for a complex task to meet a variety of needs	using a variety of systems to conduct research and create marketing research documentation in order to meet a research objective
Use ICT to effectively plan work and evaluate the effectiveness of the ICT system they have used	planning and producing market research documentation, selecting appropriate methods in order to meet the research objective
Manage information storage to enable efficient retrieval	storing notes, research data and retrieving to complete unit assessment
Follow and understand the need for safety and security practices	using passwords to access systems and paying attention to confidentiality
Troubleshoot	as required.
ICT — Find and select information	
Select and use a variety of sources of information independently for a complex task	carrying out analytical techniques using a variety of websites, news articles and notes as sources of information
Access, search for, select and use ICT-based information and evaluate its fitness for purpose	researching industry operating environment in order to conduct analysis through the use of trusted internet sources.
ICT — Develop, present and communicate information	
Enter, develop and format information independently to suit its meaning and purpose including: <ul style="list-style-type: none"> • text and tables • images • numbers • records 	presenting market research findings in a variety of methods such as tables, images, graphs, charts and text to suit the type of data
Bring together information to suit content and purpose	presenting market research findings in a logical and coherent manner appropriate to the vocational context
Present information in ways that are fit for purpose and audience	presenting market research findings in a logical and coherent manner appropriate to marketing team
Evaluate the selection and use of ICT tools and facilities used to present information	choosing the most appropriate ICT tool to present the market research findings in a clear and appropriate manner
Select and use ICT to communicate and exchange information safely, responsibly and effectively including storage of messages and contact lists	safely storing market research data, paying attention to confidentiality issues of participants.

Skill	When learners are ...
Mathematics	
Select and apply a range of skills to find solutions	reviewing and evaluating market research data
Use appropriate checking procedures and evaluate their effectiveness at each stage	reviewing and evaluating market research data
Interpret and communicate solutions to practical problems in familiar and unfamiliar routine contexts and situations	reviewing and evaluating market research data
Draw conclusions and provide mathematical justifications	reviewing and evaluating market research data.
English	
Speaking and listening – make a range of contributions to discussions and make effective presentations in a wide range of contexts	delivering a presentation on the principles of marketing and responding to questions
Reading – compare, select, read and understand texts and use them to gather information, ideas, arguments and opinions	reading and understanding research findings to form conclusions
Writing – write documents, including extended writing pieces, communicating information, ideas and opinions, effectively and persuasively	writing a report for a marketing plan and point of sale material to inform and influence potential aviation customers.